



How to Implement the Clean Air Transportation Fringe Benefit: Transportation Benefits Equity Amendment Act of 2020

This guide provides a step-by-step walkthrough on how to implement a Clean Air Transportation Fringe Benefit to comply with the DC Parking Cashout Law. If you are just getting started or have general questions about the law, resources such as our [FAQ](#) and [recorded webinars](#) on the Fringe Benefit are also good starting points. goDCgo assistance is available at each step of the compliance process, including support with other compliance options like [Transportation Demand Management \(TDM\) Plans](#). goDCgo is an initiative of the District Department of Transportation (DDOT), the agency responsible for implementing the DC Parking Cashout Law. If you would like assistance complying with the new law, please email info@goDCgo.com or [schedule a meeting](#) with us. Be advised that the Clean Air Fringe Benefit should be available to employees on or before the reporting deadline of January 15.

What is a Clean Air Transportation Fringe Benefit?

The IRS defines a fringe benefit as a [form of payment for performance of services](#). Certain types of fringe benefits are exempt from income tax, including commuter benefits up to a certain value. The Clean Air Transportation Fringe Benefit provides the option to receive tax exempt commuter benefits for transit and vanpool use for employees who choose to give up their existing parking benefit.

What is a Parking Benefit?

Parking benefit refers to parking within half a mile of the workplace where the employer subsidizes the cost, either providing free, discounted, or reimbursed parking to employees.

What is Parking Cashout?

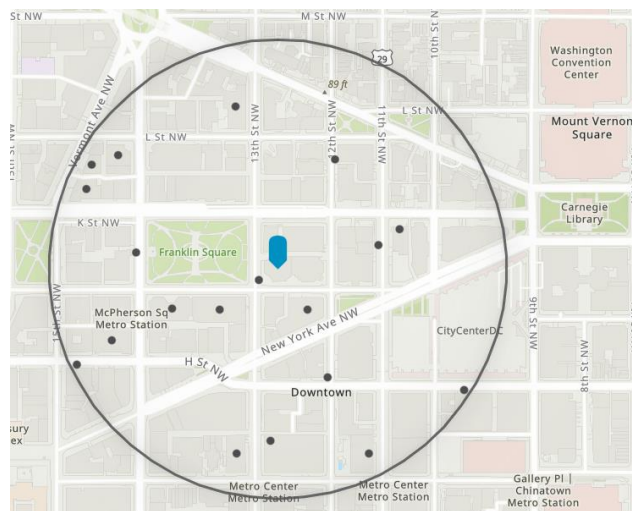
Parking cashout is a policy in which employers who provide free, subsidized, or reimbursed parking offer employees the option of “cashing out” their parking space and receiving the cash value of their parking benefit in exchange for giving up the parking space. This is a win-win scenario, either freeing up parking for the employer or allowing them to get rid of excess parking, and giving a new benefit to the employee. The Clean Air Transportation Fringe Benefit, referred from here on as Fringe Benefit, is a form of parking cashout.



Step 1: Determine Fringe Benefit Value

Per the law, the Fringe Benefit's value is equal to the market value of the parking benefit. To calculate the market rate, take the **median value** (not the average) of publicly available parking within a quarter mile of the business premises. goDCgo has created a mapping tool to make this process easier, which can be [found here](#). To use the tool, enter your business address and hit enter.

The distance should already be calibrated to 0.25 miles, if not, adjust the slider to that value. A circle on the map will show all publicly available parking prices within a quarter mile of the address you entered. If there are no values within 0.25 miles, move the slider to 0.5 miles. If there is still no available data, you may use \$175 for the market value.



Two drop-down menus will be available, each containing a separate dataset containing local monthly parking prices. Per the law, any publicly available dataset can be used, so either dataset is fine.



Results: 19

> MonthlyParkingPrices02_Colonial Parking July 2022

5

> MonthlyParkingPrices01City SpotHero May 2022

14

Each entry will have the address of the parking facility, the price, and date the data was collected. For this step, all we need is the price.

Address	1050 K STREET NW WASHINGTON DC
Price	305
Date	July 18, 2022

To take the median, arrange the parking prices from smallest to largest. Using the example,

250, 270, **296**, 300, 305

\$296 is the market value of your parking benefit, and the value you would use for the Fringe Benefit. If you have an even number of values within 0.25 miles, find the middle two and take their average by adding them and dividing the result by two. You now have the value of your Fringe Benefit; the next step is to notify covered employees.

Step 2: Notify All Eligible Employees of the New Benefit

All employees offered the parking benefit are eligible for the Fringe Benefit and must formally declare whether they intend to accept this new benefit or keep their current parking benefit. If an employee wants to receive the Fringe Benefit, they must give up their parking benefit. The Fringe Benefit cannot be used for parking costs, and the Fringe Benefit and parking benefit cannot be accepted at the same time. To comply, all an employer needs to do is offer the Fringe Benefit. The decision employees make to accept it or not has no bearing on your compliance status. If helpful, goDCgo can provide language to use in notification emails.



Step 3: Complete Paperwork (Employees)

DDOT provides the [official forms](#) necessary for employees to keep track of employees who accept or reject the Fringe Benefit. All employees offered parking benefits must complete the form and state whether they wish to keep their parking benefit or accept the new Fringe Benefit. If accepting the Fringe Benefit, the next step is for employees to estimate monthly commuting costs for eligible modes, which are public transportation and vanpool/shuttle commuting. If the estimate for monthly commuter transportation costs is lower than the full value of the benefit, the remaining value can be applied to the employee's paycheck as taxable income or as an employer contribution to health benefits. For example:

Employee A spends \$100 a month commuting on Metro and is offered a Fringe Benefit worth \$250. Employee A would then estimate \$100 for the monthly expense and would receive \$150 in taxable income or employer contribution to health benefits.

Employer B commutes to work on a personal bike, and is offered a Fringe Benefit worth \$250. Employer B would then estimate \$0 for the monthly transit expense, and would receive \$250 in taxable income or employer contribution to health benefits.

Employees may elect to change their fringe benefit choice a maximum of once every 12 months. The estimate of qualified transportation expenses can be revised once a year. If an employee wishes to accept the Fringe Benefit but commutes by biking, walking, or another non-qualified mode, they may enter \$0 for the amount used for qualified commuting modes and receive the full value of the benefit as taxable income or contribution to health benefits. The Fringe Benefit is then administered through existing commuter benefits and payroll channels. If you do not currently have a commuter benefits provider, WMATA SmartBenefits can be used free of charge.

Step 4: Complete Bi-annual Reporting

All employers must report to DDOT bi-annually by January 15 beginning in 2023. If you did not report in 2023, please report in 2024, and then biannually beginning again in 2025.